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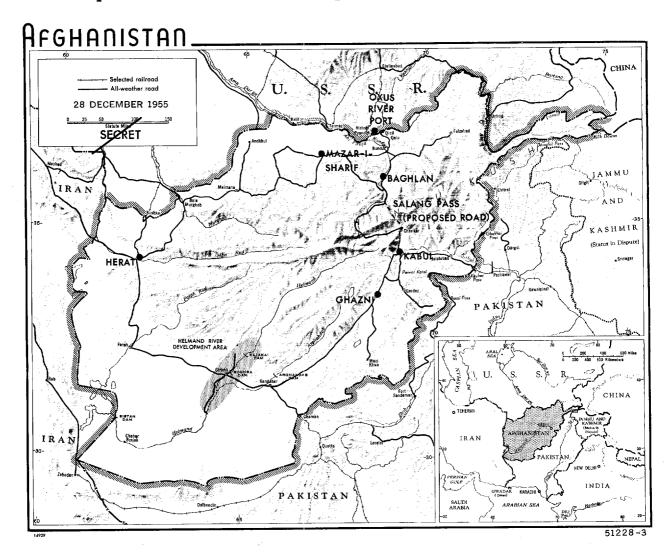
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1. PROVISIONS OF \$100,000,000 SOVIET CREDIT TO AFGHANISTAN REPORTED

Among the projects to be undertaken under the announced \$100,000,000 Soviet credit to Afghanistan, which will run for 10 years, are construction of air-

fields at Kabul, Herat, Mazar-i-Sharif and Baghlan, improvement of the Oxus River port facilities, construction



of a dam in the Ghazni area and road construction including the Salang pass area

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some funds may be made available for purchases in the West.

Comment

The joint Soviet-Afghan economic communiqué issued on 18 December referred only in general terms to development of agriculture, irrigation, construction of hydroelectric stations and construction of the Kabul airport.

The USSR is already participating in the Oxus port development and Soviet technicians reportedly will arrive in Kabul in January to begin construction of the Kabul airport.

A road through the Salang pass area would considerably shorten the route to the Soviet border. If Moscow constructs the Ghazni dam, this will be the first Communist-financed project south of Kabul, a part of the country where Afghan projects have been carried on with Western aid. (Prepared by ORR)

| | The activities of Soviet ambassador Sergeyev during his extended tour of northern Greece greatly disturb the Athens government. According to the American embassy in Athens, these activities amount to an "active and flagrant interference in domestic affairs by public electioneering for leftist candidates." |
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| cians and hav among the tok Theotokis cla ance for lefting try to get cab | his staff have been meeting with leftist politice been carrying on a propaganda campaign bacco workers in the area. Foreign Minister ims that the USSR is providing financial assiststy pre-electoral campaign. Theotokis will inet approval for a warning to Sergeyev that if top these activities, he will be declared personal |
| Comment age the electi East-West re | Sergeyev's purpose is to exploit Greek bit terness over the Cyprus issue and encour on of a government which would be neutral in lations. |

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that the USSR, in advance of the elections scheduled for February, might announce support for Greek claims to northern

Epirus--now a part of Albania.

Rumors have been circulating in Greece

| 3. | JORDAN'S | KING | SAYS | HE | MAY | HAVE | TO | ACCEPT | ARAB |
|----|----------|------|------|----|-----|------|----|--------|------|
| | SUBSIDY | | | | | | | | |

Jordan's King Hussain has told the American embassy that public opinion may force him into a position where he would have to accept an

Egyptian-Syrian-Saudi Arabian offer to replace the British subsidy Jordan now receives. Hussain said he has information that the three countries might get the money for the subsidy from Moscow.

Comment

of Saud.

Pressure on the king to accept an Egyptian-Syrian-Saudi offer probably is strong, but such a step would place Jordan's Hashemite monarchy at the mercy of its traditional enemy, the house

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7417 THE ARAB-ISRAELI SITUATION (Information as of 1700, 28 December)



The Israeli army is known to have been drawing up plans for an action to break the Egyptian blockade of entry to the Gulf of Agaba. It appears unlikely that Israel would mount such an operation in the immediate future, not only because of logistic problems, but because Tel Aviv now seems to be making a considerable effort to convince Western opinion of its peaceful intentions.

has informed the American army

attaché in Tel Aviv that there have been recent drastic cutbacks in heavy construction projects throughout the country, and that Israeli construction engineers in reserve status are reluctant to engage in planning because they believe they may be recalled to active duty soon. The assistant army attaché has observed that a high Israeli officer concerned with supply is preoccupied with problems of movement and storage in the Negev area of southern Israel. This officer said divisional

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BIWEEKLY SUMMARY 15-28 December 1955

THE TAIWAN STRAIT

Report of the IAC Current Intelligence Group for the Taiwan Strait Problem

| 1. Chinese Communist jet fighters since 23 December |
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| have made a number of patrol sweeps to the immediate area |
| of the Matsus. Ground force activity has been limited to ar- |
| tillery exchanges in the Quemoy area. Most of the Commu- |
| nist fire during the period appeared to be in retaliation for |
| |
| Nationalist shelling. |
| 2. There has been an increase in the tempo of operations by the Chinese Communist navy in the Matsu area. According to reports of the past week, there was an increase in the move- |
| ment of lightly armed Chinese Communist patrol craft and small |
| coasters near the Peiling Peninsula, north of Matsu, and there |
| are unconfirmed reports of torpedo boats in the area. The Nation- |
| alist Defense Ministry has warned the navy to be "on the alert." |
| |
| |
| 3. The Chinese Nationalists have grown uneasy as a result of the increased Communist air and naval activity in the Matsu area. Nationalist press dispatches insist a Matsu attack may be forthcoming. Their fear of torpedo boat attacks on naval ships has led the Nationalists to prepare plans for air or commando attacks on torpedo boat bases. |
| 4. The Nationalists believe the Communists may soon increase artillery fire in an effort to slowly strangle the Quemoys. The Nationalist chief of staff has said he will order stepped-up artillery attacks and perhaps launch air strikes against Communist artillery in the area if Communist shelling increases. |
| |
| 5. Although Chinese Communist propaganda gives no indication of imminent hostile action, it continues to accuse the United |

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States of building a large military potential on Taiwan and threatening

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| aggression in the Taiwan Strait area. Using the instance |
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| of Army Secretary Brucker's visit to Taiwan this month, |
| Peiping on 19 December denounced what it called "war prep- |
| arations" designed to "perpetuate America's occupation of |
| Taiwan." |

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